



EXECUTIVE DIRECTOR

Press Release(20)23
(English only)

15 April 2020

Various sugar related articles

The Executive Director would like to draw your attention to the articles below all of which are relevant to the sugar sector.

FoodNavigator.com - 09-04-2020

Could the coronavirus pandemic exacerbate obesity?

09-Apr-2020 By Flora Southey

Could school closures due to the COVID-19 pandemic worsen obesity rates? Or is such thinking 'extremely simplistic'? FoodNavigator investigates.

<https://www.foodnavigator.com/article/2020/04/09/could-the-coronavirus-pandemic-exacerbate-obe>

What is driving unsustainability in the food system?

09-Apr-2020 By Flora Southey

A study analysing global food systems suggests that population growth and urbanisation are negatively affecting sustainability. So what can the food industry do?

<https://www.foodnavigator.com/article/2020/04/09/what-is-driving-unsustainability-in-the-food-syst>

FoodNavigator.com - 10-04-2020

Food & beverage manufacturers thank first-responders, help feed those in need during pandemic

10-Apr-2020 By Elizabeth Crawford

The generosity of the food and beverage industry is on full display as companies – some with limited resources – give what they can to those serving on the frontlines of the ongoing coronavirus pandemic, and to those in need, including many who unexpectedly lost jobs as measures to flatten the curve also flatten the economy.

<https://www.foodnavigator-usa.com/article/2020/04/10/food-beverage-manufacturers-thank-first-responders-help-feed-those-in-need-during-pandemic>

Sugaronline – Ebriefing 13-04-2020

BRAZIL: Fitch sees limited impact of covid-19 on cash flow of sugar companies

Fitch Ratings expects a limited impact of the covid-19 pandemic on the cash flows of Brazil's sugar and ethanol producers in 2020, despite a strong reduction in oil prices and its implications for ethanol, **reports Sugaronline.**

"Efficient hedge strategies for sugar will mitigate part of the reduction in cash flow from the ethanol (business)," Fitch said in a report released this week.

Sugarcane processing companies have already hedged their sugar production at an average of BRL1,350 (US\$266.5) per tonne, up 12% from the previous year, according to Fitch.

The cash flow of companies with a higher ethanol mix will be more pressured during the year, and the speed of their recovery will depend on how quickly oil prices increase.

"The negative effects will be prolonged if oil prices remain low, but companies with low cost, high production flexibility and efficient hedging strategies, such as Raízen, Jalles Machado, Biosev and Usina Santo Ângelo, are better positioned to withstand short-term pressures," said Fitch.

If both ethanol and sugar prices remain low for the rest of the season, companies will also burn their cash flows in 2021, according to the rating agency.

In the short-term, Fitch doesn't expect negative pressures in the liquidity of Raízen, Jalles Machado and Usina Santo Ângelo. Biosev is able to manage its liquidity in the short-term but should face high refining risk in the fiscal year starting on April 2021, when about BRL2.5 billion (US\$493.6 million) in its debt will mature.

INDIA: Shree Renuka sees sugar exports maxing out at 4.5 million tonnes

As the sugar industry deals with the coronavirus crisis, the President of Shree Renuka Sugars, Ravi Gupta, says he expects sugar exports won't pass 4.5 million metric tonnes this season, **reports ChiniMandi.**

"With respect to Indian sugar exports, world sugar prices have fallen sharply on the back of lower crude prices and there is no export parity for raw sugar basis current subsidy. Therefore, exports may slow down now and are not likely to cross 4.5 million tonnes at current prices," he told ChiniMandi in an interview.

"Initially when the lockdown was announced on 23rd March 2020, everything came to a standstill for a few days in spite of the Government orders that ports should run operational and customs should work. There were issues in movement of trucks, labourers etc." he explained.

But the government was able to sort out the glitches around movement of trucks and labour, FIEO started issuing e-certificates of origin while EIA has started issuing health certificates online.

"All the major government ports are working except Kakinada anchorage port. However, efficiency is lower due to the shortage of labour. There are issues in container shipments. Since imports have reduced many container shipping lines are not calling at ports. This shall take some time to get resolved. All in all, with swift action of the government things are getting smoother," he said.

Most mills in Western states have stopped crushing for the season, he said, with Karnataka already completely closed, Maharashtra closing up this week, while northern mills in Uttar Pradesh, Punjab and Haryana still operating. Gupta expects the final crush tally to come to 26.8 million tonnes of sugar production.

He remains skeptical on demand growth as he believes that with COVID-19 lockdown that has brought hospitality-related consumption to a halt, together with sugar consumption's nature as income elastic, that with GDP growth slowing down he says sugar consumption is likely to decline.

We have to see what finally happens as we are not aware whether the worst is over. But given today's situation 500,000 tonnes of consumption shortfall can be expected," said Gupta.

For ethanol, Gupta says that gasoline demand in India may reduce due to slower economic growth as is the case in many other countries and is therefore the right opportunity for Oil Marketing Companies to increase the ethanol blending percentage.

"We can easily achieve blending of 15% (with lower gasoline consumption). This shall ultimately take India closer to its target of ethanol-blended petrol (EBP) of 20%," he said.